GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:6179
ANSWERED ON:05.05.2003
DIRECT/INDIRECT SUBSIDY TO FARMERS
ALE NARENDRA

Will the Minister of AGRICULTURE be pleased to state:

(a) the direct and indirect subsidies being provided to the farmers alongwith its impact noticed during each of the last three years, State-wise;

(b) the subsidies which are extended to the small and marginal farmers and comparatively weaker section of the farming community;

(c) whether any study has been conducted to ascertain whether such subsidies reach the targeted farmers;

(d) if so, the outcome thereof; and

(e) the steps taken by the Government to ensure that the subsidies actually reach the said farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) & (b): Subsidies given to agriculture are both product and non − product specific. These include subsidies on fertilizers, diesel, electricity, water etc. and also support in the form of research, extension and market intervention. The subsidies percolate down also to the small and marginal farmers and weaker sections of the farming community. The total support to agriculture cannot be meaningfully segregated State-wise. A statement showing total subsidies given to agriculture sector through inputs during 1999-2000 − 2001-02 is annexed.

(c) to (e): Yes, Sir. A study on `Agricultural Input Subsidies in India − Impact on Small andMarginal Farmers` has been conducted by the Institute of Economic Growth, Delhi at the instance of Ministry of Agriculture. The findings of the study in brief are as under:

(i). The adoption of improved seeds, irrigation and higher level of fertilizer use go together and that size of the holding is not a significant determining factor in this relationship. However, the study also notes that fewer of the smaller holdings are located within the Canal Commands. This implies that small farmers have less access to infrastructure and technology itself.

(ii). As regards credit, small and marginal farmers appropriate a large part of total institutional credit per hectare. However, they take more short term credit and a large part of it in cash. Long term credit is accessed more by large farmers and mechanization is undertaken to a larger extent by farmers with larger operational holdings. Government has taken a number of steps to provide subsidies to farmers through various schemes aimed at promoting agricultural production and productivity in the country. While the concessions/benefits under some of the schemes are not exclusively meant for small and marginal farmers, the benefits under other schemes flow to small and marginal farmers including farmers from weaker sections.

Annexure

Subsidies to Agriculture Sector

(Rs. Crore)

S.No.	Item	1999-00 (Actuals)	2000-01 (Actuals)	2001-02(+)
1.	Fertilizer (Total)	13244	13800	12595
1.1	Indeginous fertilizer	8670	9480	8044
1.2	Imported Fertilizer			
1.3	Sale of decontrolled fertilizer With concession to farmers	74 4500	1 4319	47 4504

2. Electricity #	4276	6449	NA
3. Irrigation ##	11487	13681	11645
State Governments	11361	13544	11498
Local Bodies	126	137	147
4. Other subsidies given to marginal farmers and farmers` Cooperative Societies in the form of seeds, development of oil seeds, pulses etc.	1811	1019	NA

Source: 1. Fertilizer: Expenditure Budget 2002-03, Vol. I of Central Government

2. Electricity & Irrigation: Central Statistical Organization
NA : Not available

: Includes all subsidies to Electricity Boards and Corporation, Separate estimates of Electricitysubsidy accountable exclusively to agricultural sector are not available.

: The rates for supply of water to farmers are kept low a matter of policy, resulting in losses to the Government irrigation system. The excess of operating costs over the gross revenue is treated as impusted irrigation subsidy.

+ : Quick estimates.